

VERMONT STATE TEACHERS' RETIREMENT SYSTEM
Meeting of the Board of Trustees
October 29, 2008

VSTRS Members present:

JON HARRIS, Chairperson (Active No. 25669), term expiring July 1, 2011
JOSEPH MACKEY, Vice-Chairperson (Active No. 29334), term expiring July 1, 2009
THOMAS CANDON, representing Commissioner of BISHCA
JEB SPAULDING, VT State Treasurer
VAUGHN ALTEMUS, representing Commissioner of Education

VACANT, representative for the Vermont Retired Teachers Association

Also attending:

Beth Pearce, Deputy State Treasurer
Bill Rice, Law and Policy Director
David Minot, Director of Finance and Investments
Cynthia Webster, Director of Retirement Policy and Outreach
David Driscoll, and Dan Sherman, Buck Consultants
David Beatty, Finance and Management

Chairperson Jon Harris, called the meeting to order at 1:17 p.m., on Wednesday, October 29, 2008, in the 4th Floor Conference Room, 109 State Street, Montpelier, Vermont.

ITEM 1: FY '08 Actuarial Valuation

Mr. Driscoll appeared before the Board to review the results of the valuation report for the fiscal year ending June 30, 2008.

On a motion by Mr. Mackey seconded by Mr. Altemus, the Board unanimously voted to accept the *FY '08 Actuarial Valuation* report as presented, and directed staff to forward to the Governor the contribution recommendations of \$41,503,002 for FY '10 and \$43,479,047 for FY '11.

ITEM 2: 2008 OPEB Report

Mr. Sherman provided a review of the *DRAFT* FY'08 report for board discussion.

ITEM 3: VSTRS 403(b) Investment Program update

Ms. Pearce and Mr. Rice reported that the contract with Great West will be sent to the Administration for approval today or tomorrow.

The Board reviewed the employer marketing materials and made some suggested changes. The participant marketing materials will be reviewed when available.

ITEM 4: Other business to be brought before the Board

Mr. Minot advised the Board that Fannie Mae and Freddie Mac preferred stock held by Dwight Asset Management in the Single Deposit Investment Account had recently slipped to below investment grade.

Mr. Minot requested the Board's permission to continue to hold the preferred stock based upon Dwight's investment thesis of a recovery in value.

The insurance wrap provider, AEGON, has agreed to amortize the loss on these preferred shares over an eight month period rather than mandate a reduction to participant investment book values.

On motion by Mr. Mackey seconded by Mr. Altemus, the Board unanimously voted to continue to retain the Fannie Mae and Freddie Mac non-investment grade stocks.

Mr. Minot suggested the Board consider a phased-in portfolio at some point in the future.

ITEM 5: Review/Act on Revised Language Relating to DOE Licensing Requirement

On motion by Mr. Harris seconded by Mr. Mackey, the Board voted unanimously to accept the language presented by staff as follows:

"Teacher" must be performing job functions that require licensure, with the appropriate endorsement, by the Department of Education Standards Board and are holding a license by the Department of Education Standards Board

and to continue to work with the subcommittee to advise school districts to contact the Department of Education to determine whether a licensed teacher, based on the specific job functions of the position, is required.

ITEM 6: New business to be brought before the Board

Mr. Mackey resigned his Trustee position as active member representative as he has been appointed as retiree representative by the Vermont Retired Teachers' Association to fill Jay Kaplan's term on the Board. The Board will discuss filling Mr. Mackey's position as active member representative at the December meeting.

On a motion by Mr. Altemus seconded by Mr. Candon, the Board unanimously voted to adjourn at 4:30p.m.

Next Meeting Dates:

The next scheduled VSTRS business meeting is December 10, 2008.

Respectfully submitted,

Cynthia Webster, Executive Secretary to the Board